



**CITY OF SUNNYVALE
HOUSING DIVISION
BELOW MARKET RATE (BMR) – RENTAL HOUSING PROGRAM
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NOTICE – BMR-R-06/07-1

DATE: July 31, 2006

TO: Property Owners of Rental Properties, Property Managers,
Operations Managers and Leasing Managers

SUBJECT: **Maximum Allowable BMR Rental Increases**

Administrative Reference

The Administrative Procedures for the Below Market Rate (BMR) Rental Program, dated August 9, 2004, are supplemented by the following;

Increases in BMR Rents

This notice is to clarify the City's Notice BMR-R-05/06-1 of March 20, 2006 entitled "Maximum Rents Effective March 1, 2006 and Extension of Due Date for Annual Report from April 1 to April 15, 2006."

Notice BMR-R-05/06-1 authorized rent increases for BMR units. It has come to our attention that the overall intent of that memorandum may have been misunderstood. **The Revised Maximum Rents for BMR Units outlined in the March 20, 2006 notice applies only if a vacant unit is rented by a new BMR resident. Rents for existing residents may not be increased by more than 5% of their current rental rate and only once in a 12-month period.**

It appears that some complexes may have increased rents for renewing BMR residents by more than 5% of their current rent, but less than the new maximum allowable BMR rent. This misconception has resulted in many BMR tenants contacting the City about excessive rental increases.

As a result, the City met with California Apartment Association's Tri-County Division on July 18, 2006 to discuss this issue. It was agreed that this error maybe a result of an unclear interpretation of the City's March 20, 2006 notice to BMR property managers. To alleviate any confusion, the direction contained in the prior notice should be clarified as follows:

- **Rents for existing BMR tenants may not exceed 5% of the current rent. Rents can only be increased upon proper notification from the City of Sunnyvale of the allowable percentage (0-5%) and only once in a 12-month period.**

Example: If a tenant is currently paying \$900.00 per month and their lease is due to expire, the maximum allowable increase this year is \$45.00 (5%).

- Maximum rents for new tenants moving into existing properties with BMR units under program restrictions prior to October 2003 are as follows:

Apartment Size	Pre October 2003
Studio	\$1,057
One Bedroom	\$1,209
Two Bedroom	\$1,360
Three Bedroom	\$1,631

- Maximum rents for new tenants moving into newly developed properties with BMR units under program restrictions after October 2003 are as follows:

Apartment Size	October 2003 - Current
Studio	\$644
One Bedroom	\$800
Two Bedroom	\$1,073
Three Bedroom	\$1,374